

Materiality Assessment

GRI 102-44; 102-46

In order to highlight the topics that the Group believes to be of the greatest interest to its key stakeholders¹ and business, and to disclose the most relevant information in the report, a materiality assessment has been conducted in accordance with GRI guidelines.

The materiality assessment considers the extent to which Metinvest's activities related to certain topics (1) influence key stakeholder assessments and decisions, and (2) make a significant economic, environmental or social impact. Our approach consists of two steps.

Step 1 – Defining a pool of material topics

To compile a list of the highest priority topics for disclosure, we analysed the areas of greatest significance to our stakeholders, as well as the Group's activities within these priorities. We also examined issues raised in the media, industry trends, topics defined by industry peers, as well as underlying investor and creditor expectations.

As a result, we identified 20 material topics, which reflect the environmental, social and economic impact of Metinvest.

Step 2 – Prioritising the topics

Understanding that although all the chosen topics are material, some are more significant than others in terms of importance to stakeholders and the scale of Metinvest's impact, the second step of the process is to rank them in order of significance.

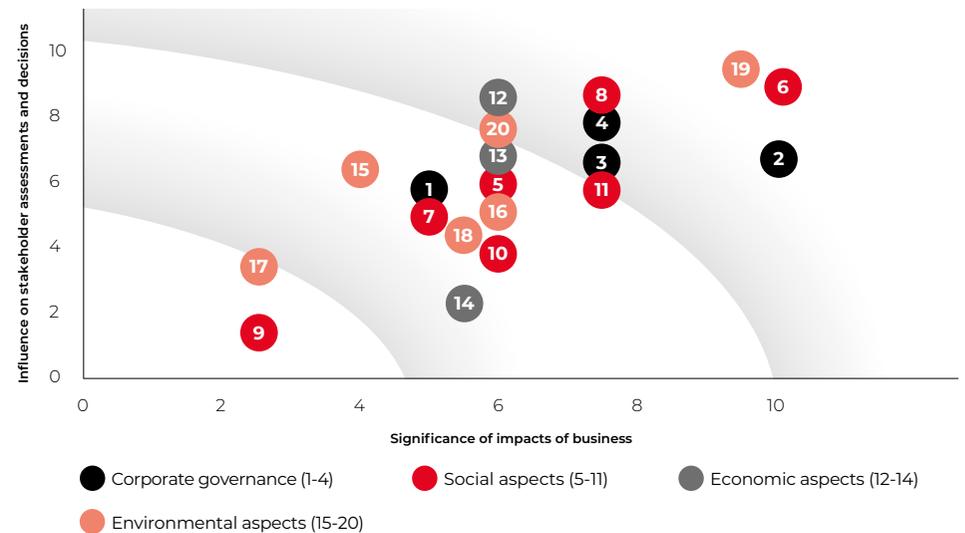
To assess the relative level of each topic's materiality to stakeholders, we surveyed representatives of key stakeholder groups. This included customers, employees, suppliers and contractors, debt providers, local communities, government authorities and representatives of the media. As part of the survey, they were asked to rate the level of significance of each topic on a scale from 1 (being the lowest) to 5 (being the highest). We also assessed the expectations of government authorities by reviewing the provisions of major legal acts and standards the Group is compliant with.

For a more comprehensive analysis of the significance of material topics for our stakeholders, we also held roundtable discussions with Metinvest's internal experts from different functional units that are responsible for stakeholder engagement. We assessed the significance of Metinvest's impact with regard to each topic through an analysis of opinions expressed during interviews with the Executive Team, which provided an objective overview of Metinvest's sustainability performance and economic, social and environmental impacts.

The results of the assessment are presented in the materiality matrix, right. The horizontal axis shows the level of significance of impacts of business; the vertical axis shows the impact on stakeholder assessments and decisions.

GRI 102-47

MATERIALITY MATRIX



¹ According to the Global Reporting Initiative, a stakeholder is defined as an entity or individual that can reasonably be expected to be significantly affected by the reporting organisation's activities, products and services, or whose actions can reasonably be expected to affect the organisation's ability to successfully implement its strategies and achieve its objectives.

Material topic	Brief definition	Where to find
Corporate governance		
1 Corporate governance	We strive to build an effective governance structure, apply corporate governance practices aimed at ensuring the sustainability of the Group, comply with legal regulations and adhere to values such as ethics, transparency and integrity	Sustainable Development; Corporate Governance; Metinvest's 2020 annual report
2 Anti-corruption	We work to prevent individuals or organisations from abusing their authority for personal gain	Business Ethics and Anti-Corruption
3 Ethics and compliance	We ensure ethical behaviour, fair competition, compliance with the law and responsibility in Metinvest's daily activities. This forms the basis of our relationships with employees, customers, suppliers and partners, local communities and other stakeholders	Business Ethics and Anti-Corruption
4 Business transparency and openness	We conduct our business and financial activities openly and consistently so that all interested stakeholders can trust the information published and provided by the Group	About the Report; Business Ethics and Anti-Corruption; Metinvest's 2020 annual report
Social		
5 Human rights	We ensure the observance of human rights in all areas of Metinvest's business	Human Rights
6 Occupational health and safety	We manage labour protection and industrial safety issues, promote a safety culture, enhance employee awareness of labour protection and invest in safe working conditions	Health and Safety
7 Training and education	We provide a variety of training and development opportunities to ensure professional and career growth for the Group's employees	Employees
8 Fair working conditions, decent wages and social benefits for employees, and ensuring their wellbeing	We have a system of interaction with employees in place aimed at providing fair working conditions, as well as decent wages and social benefits. Metinvest pays significant attention to the wellbeing of its employees, including additional support in difficult situations (for example, our COVID-19 response)	Social Benefits; COVID-19 Response
9 Diversity and inclusion	We promote diversity, gender equality and the inclusion of minorities at different levels of the Group. Examples of diversity indicators might include age, gender, heritage and ethnicity, citizenship, religion or disability, among others	Equal Opportunities
10 Local community engagement	We cooperate with local communities and seek to increase their engagement in order to ensure the sustainable development of the regions where Metinvest operates	Local Communities
11 Economic support for communities and social investment	We make tax contributions and social investments for the socioeconomic development of local communities	Metinvest in Numbers, 2020; Local Communities
Economic		
12 Economic performance	We strive to improve our financial performance, increase our competitiveness, expand our market presence and boost our sales	Metinvest in Numbers, 2020; Strategic Goals, Priorities and Values; Metinvest's 2020 annual report
13 Responsibility for the quality of products and services	We work to improve the quality of the Group's products and services to maximise customer satisfaction	Products; Stakeholder Engagement; Customer Relations
14 Supply chain and supplier environmental assessment	We manage our supply chain responsibly and take environmental considerations into account when dealing with suppliers	Responsible Supply Chain
Environmental		
15 Energy efficiency	We seek to improve the energy efficiency of production processes and reduce resource consumption	Energy Efficiency
16 Water management	We aim to reduce risks associated with water scarcity, as well as water and wastewater management	Managing Water Resources
17 Biodiversity	We work to conserve plants and animals in the regions where Metinvest operates	Biodiversity and Landscape Restoration
18 Climate change	We strive to reduce greenhouse gas emissions from our production and supply chains to support the fight against climate change	Addressing Climate Change
19 Emissions	We implement environmental projects to reduce air emissions while improving overall production efficiency	Mitigating Impact on Air Quality
20 Waste generation	We apply waste management strategies to both reduce the volume that is generated and increase the share that is recycled	Managing Waste